Registre de Commerce et des Sociétés
B73145 - L140111253
déposé le 03/07/2014

MENTION

Nom de la Société : Gemplus International S.A.
Siège Social : 32 Boulevard Joseph II Luxembourg L-1840
Numéro du Registre de Commerce : B 73.145.

N° code donneur d'ordre : 1026

Les comptes annuels de la société Gemplus International S.A. au 31/12/2013 ont été enregistrés et déposés au Registre de Commerce et des Sociétés.

Pour mention aux fins de la publication au Mémorial, Recueil Spécial des Sociétés et Associations.

Registre de Commerce et des Sociétés
B73145 - L140111253
enregistré et déposé le 03/07/2014

RCSL Nr. : B73145	Matricule : 2000 2202 701

BALANCE SHEET

Financial year from 01 01/01/2013 **to** 02 31/12/2013 *(in* 03 EUR *)*

GEMPLUS INTERNATIONAL S.A.

32, Boulevard Joseph II
L-1840 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101	0,00	102	0,00
I. Subscribed capital not called	1103		103	0,00	104	0,00
II. Subscribed capital called but unpaid	1105		105	0,00	106	0,00
B. Formation expenses	1107		107	0,00	108	0,00
C. Fixed assets	1109		109	12.331.937,70	110	228.888.837,95
I. Intangible fixed assets	1111		111	0,00	112	0,00
1. Research and development costs	1113		113	0,00	114	0,00
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115	0,00	116	0,00
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117	0,00	118	0,00
b) created by the undertaking itself	1119		119	0,00	120	0,00
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121	0,00	122	0,00
4. Payments on account and intangible fixed assets under development	1123		123	0,00	124	0,00
II. Tangible fixed assets	1125		125	0,00	126	0,00
1. Land and buildings	1127		127	0,00	128	0,00
2. Plant and machinery	1129		129	0,00	130	0,00

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		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131	0,00	132	0,00
4. Payments on account and tangible fixed assets under development	1133		133	0,00	134	0,00
III. Financial fixed assets	1135		135	12.331.937,70	136	228.888.837,95
1. Shares in affiliated undertakings	1137	5	137	12.331.937,70	138	71.888.837,95
2. Amounts owed by affiliated undertakings	1139	6	139	0,00	140	157.000.000,00
3. Shares in undertakings with which the company is linked by virtue of participating interests	1141		141	0,00	142	0,00
4. Amounts owed by undertakings with which the company is linked by virtue of participating interests	1143		143	0,00	144	0,00
5. Securities held as fixed assets	1145		145	0,00	146	0,00
6. Loans and claims held as fixed assets	1147		147	0,00	148	0,00
7. Own shares or own corporate units	1149		149	0,00	150	0,00
D. Current assets	1151	7	151	67.524.606,89	152	22.293.420,30
I. Inventories	1153		153	0,00	154	0,00
1. Raw materials and consumables	1155		155	0,00	156	0,00
2. Work and contracts in progress	1157		157	0,00	158	0,00
3. Finished goods and merchandise	1159		159	0,00	160	0,00
4. Payments on account	1161		161	0,00	162	0,00
II. Debtors	1163		163	65.362.429,38	164	11.570.689,79
1. Trade receivables	1165		165	0,00	166	0,00
a) becoming due and payable within one year	1167		167	0,00	168	0,00
b) becoming due and payable after more than one year	1169		169	0,00	170	0,00
2. Amounts owed by affiliated undertakings	1171		171	65.362.429,38	172	11.570.689,79
a) becoming due and payable within one year	1173		173	65.362.429,38	174	5.570.689,79
b) becoming due and payable after more than one year	1175		175	0,00	176	6.000.000,00
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	1177		177	0,00	178	0,00
a) becoming due and payable within one year	1179		179	0,00	180	0,00
b) becoming due and payable after more than one year	1181		181	0,00	182	0,00
4. Other receivables	1183		183	0,00	184	0,00
a) becoming due and payable within one year	1185		185	0,00	186	0,00

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		Reference(s)		Current year		Previous year
b) becoming due and payable after more than one year	1187		187	0,00	188	0,00
III. Transferable securities	1189		189	2.119.940,79	190	10.646.502,00
1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests	1191		191	0,00	192	0,00
2. Own shares or own corporate units	1193		193	2.119.940,79	194	10.646.502,00
3. Other transferable securities	1195		195	0,00	196	0,00
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197		197	42.236,72	198	76.228,51
E. Prepayments	1199		199	7.607,83	200	120,00
TOTAL (ASSETS)			201	79.864.152,42	202	251.182.378,25

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LIABILITIES

	Code	Reference(s)	Code	Current year	Code	Previous year
A. Capital and reserves	1301	3	301	8.570.455,84	302	65.090.693,68
I. Subscribed capital	1303		303	2.826.728,40	304	4.456.728,40
II. Share premium and similar premiums	1305		305	32.601.465,33	306	83.732.052,02
III. Revaluation reserves	1307		307	0,00	308	0,00
IV. Reserves	1309		309	2.402.613,63	310	11.092.174,84
1. Legal reserve	1311	4	311	282.672,84	312	445.672,84
2. Reserve for own shares or own corporate units	1313		313	2.119.940,79	314	10.646.502,00
3. Reserves provided for by the articles of association	1315		315	0,00	316	0,00
4. Other reserves	1317		317	0,00	318	0,00
V. Profit or loss brought forward	1319		319	-34.025.891,29	320	-738.861.454,21
VI. Profit or loss for the financial year	1321		321	4.765.539,77	322	720.671.192,63
VII. Interim dividends	1323		323	0,00	324	-16.000.000,00
VIII. Capital investment subsidies	1325		325	0,00	326	0,00
IX. Temporarily not taxable capital gains	1327		327	0,00	328	0,00
B. Subordinated debts	1329		329	0,00	330	0,00
C. Provisions	1331		331	0,00	332	0,00
1. Provisions for pensions and similar obligations	1333		333	0,00	334	0,00
2. Provisions for taxation	1335		335	0,00	336	0,00
3. Other provisions	1337		337	0,00	338	0,00
D. Non subordinated debts	1339	7	339	71.293.696,58	340	186.091.684,57
1. Debenture loans	1341		341	0,00	342	0,00
a) Convertible loans	1343		343	0,00	344	0,00
i) becoming due and payable within one year	1345		345	0,00	346	0,00
ii) becoming due and payable after more than one year	1347		347	0,00	348	0,00
b) Non convertible loans	1349		349	0,00	350	0,00
i) becoming due and payable within one year	1351		351	0,00	352	0,00
ii) becoming due and payable after more than one year	1353		353	0,00	354	0,00
2. Amounts owed to credit institutions	1355		355	0,00	356	0,00
a) becoming due and payable within one year	1357		357	0,00	358	0,00
b) becoming due and payable after more than one year	1359		359	0,00	360	0,00

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	Reference(s)		Current year		Previous year
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361	361	0,00	362	0,00
a) becoming due and payable within one year	1363	363	0,00	364	0,00
b) becoming due and payable after more than one year	1365	365	0,00	366	0,00
4. Trade creditors	1367	367	215.533,33	368	150.499,28
a) becoming due and payable within one year	1369	369	215.533,33	370	150.499,28
b) becoming due and payable after more than one year	1371	371	0,00	372	0,00
5. Bills of exchange payable	1373	373	0,00	374	0,00
a) becoming due and payable within one year	1375	375	0,00	376	0,00
b) becoming due and payable after more than one year	1377	377	0,00	378	0,00
6. Amounts owed to affiliated undertakings	1379	379	61.945.019,40	380	175.661.895,74
a) becoming due and payable within one year	1381	381	61.945.019,40	382	175.661.895,74
b) becoming due and payable after more than one year	1383	383	0,00	384	0,00
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests	1385	385	0,00	386	0,00
a) becoming due and payable within one year	1387	387	0,00	388	0,00
b) becoming due and payable after more than one year	1389	389	0,00	390	0,00
8. Tax and social security debts	1391	391	3.327.150,93	392	4.217.603,74
a) Tax debts	1393	393	3.327.150,93	394	4.217.603,74
b) Social security debts	1395	395	0,00	396	0,00
9. Other creditors	1397	397	5.805.992,92	398	6.061.685,81
a) becoming due and payable within one year	1399	399	0,00	400	0,00
b) becoming due and payable after more than one year	1401	401	5.805.992,92	402	6.061.685,81
E. Deferred income	1403	403	0,00	404	0,00
TOTAL (LIABILITIES)		405	79.864.152,42	406	251.182.378,25

Gemplus International SA
Société Anonyme

Statutory financial statements for the year ended December 31, 2013

32, boulevard Joseph II
L-1840, Luxembourg
R.C.S. Luxembourg : B 73 145

Gemplus International SA
Notes to the statutory financial statements as at December 31, 2013

Note 1 – The Company

General

Gemplus International SA ("the Company") was incorporated as a "société anonyme" in the Grand Duchy of Luxembourg on December 6, 1999.

The corporate purpose of the Company is to:
- manufacture and trade in all types of electrical, electronic, or mechanical goods or equipment and in software and software services;
- purchase, manufacture and sell all products, components and materials which may be used in the context of the above-mentioned activities;
- provide all services and act as general contractor for all projects relating to or in connection with the above-mentioned activities; and
- perform research and scientific and technical studies on, to apply for, acquire, develop and license, all patents, licenses, inventions, processes, brands, and models that may have a connection with the Company's purpose.

The Company may also carry out all transactions pertaining directly or indirectly to the acquiring of participating interests in any enterprises in whatever form and the administration, management, control and development of those participating interests.

The Company is formed for an unlimited duration. It is registered with the Luxembourg Registration Office under the number B 73145.

The Company is included in the consolidated accounts of Gemalto N.V. forming the largest and the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking. The address of the registered office of Gemalto N.V. is Barbara Strozzilaan 382, 1083 HN Amsterdam, the Netherlands. The consolidated financial statements are available at www.gemalto.com.

On the basis of the criteria set out by the Luxembourg law, the Company is exempted from establishing consolidated accounts and a consolidated management report for the year ended December 31, 2013. The accounts were consequently prepared on an unconsolidated basis.

Significant events of the year

No significant event other than those relating to the share capital as disclosed in Note 3 and to investments as disclosed in Note 5.

Note 2 – Summary of significant accounting policies

2.1. Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones down by the Law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Some figures for the year ended December 31, 2012 have been reclassified to ensure comparability with the figures for the current year.

The main valuation rules applied by the Group are the following:

2.2 Financial fixed assets

Financial assets correspond to investments in subsidiaries. They are initially recorded at acquisition cost in the balance sheet. The Company reviews the carrying value of its investments on a regular basis. A provision is recorded for any excess of carrying value compared to its net realizable value, such analysis being performed independently on a company by company basis so that each investment is presented at the lower of cost or net realizable value. These value adjustments are no longer be carried if the reasons for which they were recorded have ceased to apply. Potential gains are not recognized whereas losses compared to the related carrying value are recorded immediately.

2.3 Debtors

Debtors are valued at their nominal value. When the recoverable value at year-end is lower than the nominal value, a value adjustment is recorded. The value adjustment is not continued if the reasons for which the value adjustment was made have ceased to apply.

2.4 Own shares

From time to time, with the prior approval of the Company's shareholders, the Company may repurchase a portion of its outstanding ordinary shares. Shares repurchased by the Company could be cancelled or used to fulfill its obligations under stock option plans or for any other purpose subject to applicable laws and regulations. Own shares are presented at cost in current assets and a corresponding undistributable reserve has been recorded within shareholders' equity. The difference between the acquisition price of shares brought back and held in own shares and the exercise price of those shares is accounted for as a loss at the time of exercise of the options.

2.5 Cash at bank and in hand

Cash at bank and in hand corresponds primarily to cash at bank.

2.6 Foreign currency translation

The Company presents its accounts in euros and both the balance sheet and income statement are expressed in this currency.

Transactions in foreign currencies are recorded using the daily exchange rate on the date the transaction occurred. With the exception of fixed assets, all assets and liabilities denominated in foreign currencies are converted at the exchange rate on the balance sheet date. The related realized gains and losses as well as unrealized gains and losses are recognized in the income statement.

2.7 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.
Provisions for taxation corresponding to the difference between the tax liability estimated by the Company and the advance payments for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax debts".

2.8 Creditors

Creditors are included in liabilities at settlement value.

Note 3 – Capital and reserves

Changes in capital and reserves for fiscal year 2013 are as follows:

(in thousands of euros)	Date	Number of shares	Subscribed capital	Share premium and similar premiums	Legal reserve	Reserve for own shares	Profit and loss brought forward	Profit or loss for the financial year	Interim dividend	Total
Shareholders' equity as at December 31, 2012		**22 283 642**	**4 457**	**83 732**	**446**	**10 647**	**(738 881)**	**720 671**	**(16 000)**	**65 092**
Allocation of prior year income		-	-	-	-	-	704 671	(720 671)	16 000	-
Share buy-back	Dec 16, 2013	(8 150 000)	(1 630)	(59 658)						(61 288)
Change in legal reserve following share buy-back	Dec 16, 2013	-	-	-	(183)	-	183	-	-	-
Release of reserve pursuant to stock options exercised	Dec 31, 2013			8 527		(8 527)	-			-
Net income		-	-	-	-	-	-	4 766	-	4 766
Shareholders' equity as at December 31, 2013		**14 133 642**	**2 827**	**32 601**	**283**	**2 120**	**(34 027)**	**4 766**	**-**	**8 570**

<u>Year-ended December 31, 2013</u>

On December 16, 2013, the sole shareholder of the Company resolved to reduce the issued share capital of the Company by an amount of € 1,630,000 to € 2,826,728.40 through the repurchase and immediate cancellation of 8,150,000 own shares of the Company, and to repay an amount of € 7.52 per repurchased share to the sole shareholder corresponding to an aggregate € 61,288,000.

As of December 31, 2013, the reserve for own shares amounts to € 2,119,940.78 as it has been reduced following exercise of stock options (see below).

At year-end, the subscribed capital was set at € 2,826,728.40 consisting of 14,133,642 shares in registered form without nominal value.

<u>Year-ended December 31, 2012</u>

On April 24, 2012, the sole shareholder of the Company resolved to reduce the issued share capital of the Company by an amount of €55,560,000 to €4,456,728.40 through the repurchase and immediate cancellation of 277,800,000 own shares of the Company, and to repay an amount of € 2.68 per repurchased share to the sole shareholder corresponding to an aggregate € 744,504,000.

On December 14, 2012, the Board of Directors of the Company approved the distribution of an interim dividend for the period from January 1, 2012 to October 31, 2012 of € 16,000,000, paid out partially in cash for an amount of € 1,900,000 and partially in kind by distribution to the sole shareholder of all shares of wholly-owned Polish subsidiary of the Company, Gemalto Sp. Zoo, for an amount of € 14,100,000.

On December 13, 2012, to facilitate the mechanism whereby the stock option holders shall be provided with shares of the Company upon an exercise and rather than issuing new shares, the sole shareholder of the

Company resolved that the Company repurchases its own shares up to a total number of 5,434,295 shares for a purchase price of € 2.69 per share, to be held in treasury by the Company upon exercise of stock options.

An undistributable reserve for own shares was thus created for an amount equal to € 14,618,253 following this share buy-back.

As of December 31, 2012, the reserve for own shares amounts to € 10,646,501 as it has been reduced following exercise of stock options.

As at December 31, 2012, the subscribed capital was set at € 4,456,728.40 consisting of 22,283,642 shares in registered form without nominal value.

Note 4 – Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the profit of the year, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 5 – Shares in affiliated undertakings

Movements for the years 2011 to 2013 are as follows:

(in thousands euros)	Acquistion cost	Valuation allowance	Carrying value
December 31, 2011	**1 088 636**	**(974 391)**	**114 245**
Change in valuation allowance			
Gemalto South Africa		(3 592)	(3 592)
Gemalto Nordic (Finland)	-	10 394	10 394
Zenzus (Gibraltar)	-	(133)	(133)
Gemplus India - restatement of previous years	2 067	(2 067)	-
Sale of affiliates :			
Gemalto S.A. (France)	(2 125)	-	(2 125)
Gemventures NV (Belgium)	(44 978)	44 978	-
SLP SAS (France)	(97 335)	61 402	(35 933)
Gemalto KK (Japan)	(10 747)	7 196	(3 551)
Gemalto Sdn BhD	(1 428)	-	(1 428)
Gemalto Argentina SA	(367)	-	(367)
Gemalto LLC Russia	(46)	-	(46)
Gemalto Sp Zoo (Poland)	(5 425)	-	(5 425)
Gemalto Middle-East FZ-LLC	(150)	-	(150)
Gemalto Ltd. TAIWAN	(0)	-	(0)
December 31, 2012	**928 102**	**(856 213)**	**71 889**
Capital increase of Gemalto Southern Africa Pty Ltd (Soı	9 141	-	9 141
Change in valuation allowance			
Zenzus (Gibraltar)		(262)	(262)
Sale/liquidation of affiliates :			
Celocom Ltd (Ireland)	(72 271)	72 271	-
Gemalto Southern Africa Pty Ltd (South Africa)	(12 733)	3 592	(9 141)
Gemplus Asia Pacific Pte Ltd (Singapore)	(43 500)	-	(43 500)
Gemalto Nordic Oy. (Finland)	(56 608)	40 813	(15 795)
December 31, 2013	**752 131**	**(739 799)**	**12 332**

In 2013, the Company completed the sale of four subsidiaries to other Group companies. The sales generated a net profit of € 718 thousand, including a reversal of previously recorded valuation allowance of

€ 118,823 thousand (including reversal € 2,147 thousand on current account for Gemalto Southern Africa), a loss on sales of € 118,823 thousand and a gain on sales of € 718 thousand.

In 2012, the Company completed the sale of ten subsidiaries to other Group companies. The sales generated a net profit of € 63,042 thousand, including a reversal of previously recorded valuation allowance of € 113,576 thousand and a loss on sales of € 50,535 thousand.

Main investments include the following as at December 31, 2013:

(in thousands of euros)

Subsidiary	Acquistion cost	Valuation allowance	Carrying value	Net equity as of December 31, 2013	Net result for 2013	Country of incorporation	Percentage of ownership as at December 31, 2013
Zenzus Holdings Ltd	727 845	(722 078)	5 767	5 767 (*)	(262)	Gibraltar	100%
GEMPLUS Limited UK	18 904	(15 492)	3 412	3 592 (*)	8	UK	100%
Goldpac Group Ltd.	2 188	-	2 188	167 720 (**)	16 905	Hong Kong	18%
GEMALTO India	2 067	(2 067)	-	333 (***)	N/S	India	100%
GEMPLUS Management et Trading S.A.	656	-	656	1 064 (*)	(476)	Switzerland	100%
IPX Beijing (formerly GEMPLUS Beijing Electronics Research & Development Co. Ltd)	161	(161)	-	(189) (*)	10	China	100%
GEMALTO de Columbia SA	309	(0)	309	2 060 (**)	630	Columbia	91%
Total shares in affiliated undertakings and related provisions	752 130	(739 798)	12 332				

(*) Based on unaudited annual accounts
(**) Based on audited financial statements as of December 31, 2013
(***) Based on audited financial statements as of March 31, 2013

Note 6 – Loans to affiliated undertakings

Loans to affiliated undertakings are as follows at December 31, 2013:

(in thousands of euros)

Loans to affiliated undertakings	Dec 31, 2012	Movements in 2013	Dec 31, 2013	Termination of agreement
Gemalto GmbH	113 000	-113 000	-	July 28, 2017
Gemplus Nordic Oy	44 000	-44 000	-	December 30, 2015
Gemplus India	737	-	737	March 8, 2014
Depreciation	-737	-	-737	-
Loans to affiliated undertakings	157 000	-157 000	-	

Gemplus India loan was fully depreciated in 2011.

Loans to Gemalto GMBH and Gemplus Nordic Oy were terminated and reimbursed by anticipation during 2013.

Note 7 – Maturities of assets and liabilities

As at December 31, 2013, maturities of assets and liabilities are detailed as follows:

(in thousands of euros)

Assets	Gross value	Less than 1 year	More than 1 year
Accounts receivable (group)	868	868	-
Current accounts (group)	64 494	64 494	-
Cash in bank	42	42	-
Own shares	2 120	2 120	
Other debtors and prepayments	7	7	-
Total assets	**67 531**	**67 531**	**-**

(in thousands of euros)

Liabilities	Gross value	Less than 1 year	More than 1 year
Accounts payable (group)	61 945	61 945	-
Accounts payable	216	216	-
Current accounts (group)	0	0	-
Tax and social liabilities	3 327	3 327	-
Other liabilities	5 805	-	5 805
Total liabilities	**71 293**	**65 488**	**5 805**

The current accounts bear a monthly average interest rate based on the 1 month Euribor, with an increase of 75 bps for the creditors and reduced by 25 bps for the debtors. Repayment date is not determined.

"Other liabilities" include an amount of € 5,805 thousand payable to a former Chairman of the Board of Directors of the Company, Marc Lassus. The Company agreed to pay to Mr. Lassus this amount upon fulfillment of certain specific conditions that have not yet been fulfilled as at December 31, 2013 (see Note 10).

Note 8 – Net financial income

Financial income and charges were comprised of the following:

(in thousands of euros)

Year ended December 31,	2013	2012
Interest received from subsidiaries	**6 784**	**7 473**
Interest due to subsidiaries	**(1 011)**	**(1 219)**
Dividends received	3 411	650 009
Reversal of provision on financial assets following sale/liquidation of subsidiaries (gain)	118 823	123 971
Gain from investment disposal	718	
Income from financial assets derived from affiliated undertakings	**122 952**	**773 980**
Value adjustment on financial assets (loss)	(262)	(6 312)
(Loss) from investment disposal	(118 823)	(50 535)
Value adjustment on financial assets	**(119 085)**	**(56 847)**
Other financial charges : exchange gain (loss)	(182)	123
Other financial charges : loss on own shares	(4 935)	(2 214)
Other financial charges (net)	**(5 117)**	**(2 091)**

Note 9 – Share option plans

The Company may grant, under various employee share option plans (the "Plans"), options to purchase or subscribe for shares to its employees and officers. Under the various Plans, the exercise price of options granted may be less than the fair market value of the shares at the date of grant. The options must be exercised within seven to ten years of the date of grant and typically vest equally over a period of three to four years, subject to certain exceptions. The total number of options outstanding under the Plans is 757,487 options, of which 757,487 were exercisable as of December 31, 2013 at prices ranging from € 1.56 to € 1.78.

In accordance with the article 3.3(a) of the Combination Agreement between Gemalto and the Company signed on December 6, 2005, Gemalto guarantees to the holders of Gemplus International SA stock options the right to exchange their future shares in Gemplus International SA for shares of Gemalto N.V. on the same basis as the exchange ratio of the public exchange offer (i.e. 25 Gemplus International SA shares for 2 Gemalto N.V. shares).

As a result of the distribution by the Company of its available reserves (share premium) of € 0.26 per Company share to all shareholders and in accordance with the Notice to Holders of stock options of Gemplus International SA, the exercise price of the stock options outstanding on the distribution date (June 8, 2006) and the number of shares eligible to be subscribed upon exercise of such stock options have been adjusted so as to ensure that the initial investment of stockholders remains constant.

Note 10 – Legal proceedings

In 2000, Marc Lassus, a former chairman of the Company's Board, was granted by the Group a loan of €71,900 thousand to finance the exercise of stock options. In December 2001, Mr. Lassus ceased his active involvement with the Company. In the second quarter of 2002, the Company learned that Mr. Lassus had financial difficulties that would affect his ability to repay the loan. Accordingly, a provision recorded originally as of June 30, 2002 and amounting to € 69,948 thousand as of December 31, 2013, takes into account a severance payable which is conditioned on reimbursement of the loan. In proceedings brought by the Company, in April 2004, an arbitral tribunal issued a final award in favor of the Company and its subsidiary against Mr. Lassus in the amount of € 71,900 thousand, plus accrued interest and attorneys' fees and costs. The Company and its subsidiary have not forgiven the loan or released the arbitration award.

In addition to the legal actions and claims mentioned above, the Company is subject to legal proceedings, claims and legal actions arising in the ordinary course of business. The Company's management does not expect that the ultimate costs to resolve these other matters will have a material adverse effect on the Company's financial position or results of operations.

Note 11 – Taxation

The Company is subject to the income tax regulations that generally apply to companies incorporated in Luxembourg.

Note 12 – Staff

The Company had no employee during the years 2013 and 2012.

Note 13 – Commitments and contingencies

As at December 31, 2013, bank guarantees, mainly performance and bid bonds, amounted to € 1,215 thousand (€ 6,041 thousand as at December 31, 2012). These guarantees have been issued as part of the Company's normal operations in order to secure the performance of its affiliated companies under contracts or tenders for business. These guarantees become payable based upon the non-performance of the Company's affiliated companies.

Note 14 – Subsequent events

To management's knowledge, there is no significant event that occurred since December 31, 2013, which would materially impact the financial statements of Gemplus International SA, as presented in this document.

Gemplus International S.A.

Société anonyme
Head office: 32 Boulevard Joseph II, L-1840, Luxembourg
R.C.S B 73.145.

The General Meeting held on 24/06/2014 has approved the annual accounts for the financial year ended on 31/12/2013. A profit of EUR 4,765,539.77 has been allocated as follows:

	Total equity before allocation	Allocation	Total equity after allocation
Result for the financial year/period	4,765,539.77	(4,765,539.77)	0.00
Subscribed Capital	2,826,728.40	0.00	2,826,728.40
Share premium	32,601,465.33	0.00	32,601,465.33
Legal reserve	282,672.84	0.00	282,672.84
Reserve for own shares or own corporate units	2,119,940.79	0.00	2,119,940.79
Other reserves available for distribution	0.00	4,765,539.77	4,765,539.77
Results brought forward	(34,025,891.29)	0.00	(34,025,891.29)
	8,570,455.84		**8,570,455.84**

Board of directors

- Ms Eke Bijzitter, born the 10th of April 1974, in Ooststellingwerf, residing in Haarlem (the Netherlands), Group Corporate Counsel & Deputy Company Secretary;
- Mr John de Reus, born the 24th of August 1960, in Zevenaar, residing in Pijnacker (the Netherlands), Accounting Manager;
- Mr. Lloyd Smith, born the July 4th of 1968, in Rochford, Essex, residing in Hampshire (England), Regional Controller;

Independent auditor

PricewaterhouseCoopers, Société Coopérative registered with the Luxembourg Trade Register under B. 65477 with professional address at 400 route d'Esch, L-1471 Luxembourg.